

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

BAYONNE ECONOMIC OPPORTUNITY  
FOUNDATION

January 31, 2023 and 2022



# BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

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August 8, 2023

Board of Trustees  
Bayonne Economic Opportunity Foundation  
Bayonne, New Jersey

Independent Auditor's Report

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Bayonne Economic Opportunity Foundation (a nonprofit organization), which comprise the statements of financial position as of January 31, 2023 and 2022 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bayonne Economic Opportunity Foundation as of January 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bayonne Economic Opportunity Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bayonne Economic Opportunity Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bayonne Economic Opportunity Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bayonne Economic Opportunity Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and State of New Jersey OMB Circular 15-08-OMB* is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2023, on our consideration of Bayonne Economic Opportunity Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bayonne Economic Opportunity Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bayonne Economic Opportunity Foundation's internal control over financial reporting and compliance.

*Hill, Barth & King LLC*

Certified Public Accountants

**BAYONNE ECONOMIC OPPORTUNITY FOUNDATION****Statements of Financial Position  
January 31, 2023 and 2022**

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	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash	\$ 11,135	\$ 1,373,933
Investments	75,261	82,168
Grants receivable	198,231	179,242
Prepaid expenses	15,931	18,662
Property and equipment - net	<u>2,037,234</u>	<u>731,968</u>
<b>Total Assets</b>	<u>\$ 2,337,792</u>	<u>\$ 2,385,973</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Line of credit	\$ 299,025	\$ 152,925
Accounts payable	245,048	63,102
Accrued expenses	71,944	60,592
Deferred revenue	-	1,110,879
457B plan deferred compensation liability	<u>75,261</u>	<u>82,168</u>
<b>Total Liabilities</b>	<u>691,278</u>	<u>1,469,666</u>
<b>Net Assets</b>		
Without donor restrictions	1,388,771	525,938
With donor restrictions	<u>257,743</u>	<u>390,369</u>
<b>Total Net Assets</b>	<u>1,646,514</u>	<u>916,307</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 2,337,792</u>	<u>\$ 2,385,973</u>

See accompanying notes to financial statements

# BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

## Statements of Activities Years Ended January 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues</b>						
Grant income	\$ -	\$ 4,983,317	\$ 4,983,317	\$ -	\$ 3,829,614	\$ 3,829,614
Contributions	79,766	25,000	104,766	54,229	125,000	179,229
In-kind contributions	-	1,131,409	1,131,409	-	1,106,418	1,106,418
Program income	220,000	-	220,000	220,000	-	220,000
Special event revenue	-	-	-	10,385	-	10,385
Other income	11,746	-	11,746	151,199	-	151,199
Net assets released from restrictions - satisfaction of program restrictions	6,272,352	(6,272,352)	-	4,947,978	(4,947,978)	-
<b>Total Revenues</b>	<u>6,583,864</u>	<u>(132,626)</u>	<u>6,451,238</u>	<u>5,383,791</u>	<u>113,054</u>	<u>5,496,845</u>
<b>Expenses</b>						
Program services:						
Head Start	2,445,016	-	2,445,016	2,127,151	-	2,127,151
Weatherization/Energy Assistance	235,307	-	235,307	136,039	-	136,039
Community Service	1,982,789	-	1,982,789	1,764,068	-	1,764,068
<b>Total Program Services</b>	<u>4,663,112</u>	<u>-</u>	<u>4,663,112</u>	<u>4,027,258</u>	<u>-</u>	<u>4,027,258</u>
Supporting services:						
Management and general	1,044,867	-	1,044,867	1,143,886	-	1,143,886
Fundraising	13,052	-	13,052	7,578	-	7,578
<b>Total Supporting Services</b>	<u>1,057,919</u>	<u>-</u>	<u>1,057,919</u>	<u>1,151,464</u>	<u>-</u>	<u>1,151,464</u>
<b>Total Expenses</b>	<u>5,721,031</u>	<u>-</u>	<u>5,721,031</u>	<u>5,178,722</u>	<u>-</u>	<u>5,178,722</u>
Changes in Net Assets	862,833	(132,626)	730,207	205,069	113,054	318,123
<b>Net Assets - Beginning of Year</b>	<u>525,938</u>	<u>390,369</u>	<u>916,307</u>	<u>320,869</u>	<u>277,315</u>	<u>598,184</u>
<b>Net Assets - End of Year</b>	<u>\$ 1,388,771</u>	<u>\$ 257,743</u>	<u>\$ 1,646,514</u>	<u>\$ 525,938</u>	<u>\$ 390,369</u>	<u>\$ 916,307</u>

See accompanying notes to financial statements

# BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

## Statements of Functional Expenses Year Ended January 31, 2023

	Program Services				Supporting Services			Total Expenses
	Head Start	Weatherization/ Energy Assistance	Community Service	Total	Management and General	Fundraising	Total	
Salaries and wages	\$ 1,114,645	\$ 141,736	\$ 551,084	\$ 1,807,465	\$ 730,772	\$ 2,421	\$ 733,193	\$ 2,540,658
Fringe benefits and payroll taxes	340,897	52,093	197,442	590,432	179,822	230	180,052	770,484
Materials, supplies and consumables	116,008	9,898	201,967	327,873	4,546	10,401	14,947	342,820
Occupancy	68,743	882	91,964	161,589	11,091	-	11,091	172,680
In-kind costs	416,277	-	702,891	1,119,168	12,242	-	12,242	1,131,410
Other	151,861	13,630	78,317	243,808	22,546	-	22,546	266,354
Insurance	48,270	1,952	60,559	110,781	9,963	-	9,963	120,744
Consultants and professional fees	186,661	15,116	57,374	259,151	73,885	-	73,885	333,036
Travel	1,654	-	10,553	12,207	-	-	-	12,207
Depreciation	-	-	30,638	30,638	-	-	-	30,638
<b>Total Functional Expenses</b>	<b>\$ 2,445,016</b>	<b>\$ 235,307</b>	<b>\$ 1,982,789</b>	<b>\$ 4,663,112</b>	<b>\$ 1,044,867</b>	<b>\$ 13,052</b>	<b>\$ 1,057,919</b>	<b>\$ 5,721,031</b>

See accompanying notes to financial statements

**BAYONNE ECONOMIC OPPORTUNITY FOUNDATION**

**Statements of Functional Expenses (Continued)**  
**Year Ended January 31, 2022**

	<b>Program Services</b>				<b>Supporting Services</b>			<b>Total Expenses</b>
	<b>Head Start</b>	<b>Weatherization/ Energy Assistance</b>	<b>Community Service</b>	<b>Total</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>	
Salaries and wages	\$ 1,077,618	\$ 91,867	\$ 377,573	\$ 1,547,058	\$ 784,342	\$ 1,634	\$ 785,976	\$ 2,333,034
Fringe benefits and payroll taxes	335,879	37,473	118,249	491,601	199,506	354	199,860	691,461
Materials, supplies and consumables	98,123	1,839	135,926	235,888	16,763	205	16,968	252,856
Occupancy	127,443	556	4,541	132,540	10,979	-	10,979	143,519
In-kind costs	259,010	-	799,669	1,058,679	47,738	-	47,738	1,106,417
Other	89,899	3,168	157,882	250,949	30,754	5,385	36,139	287,088
Insurance	39,365	1,136	34,903	75,404	7,382	-	7,382	82,786
Consultants and professional fees	90,236	-	113,273	203,509	40,909	-	40,909	244,418
Travel	-	-	4,661	4,661	63	-	63	4,724
Depreciation	9,578	-	17,391	26,969	5,450	-	5,450	32,419
<b>Total Functional Expenses</b>	<b>\$ 2,127,151</b>	<b>\$ 136,039</b>	<b>\$ 1,764,068</b>	<b>\$ 4,027,258</b>	<b>\$ 1,143,886</b>	<b>\$ 7,578</b>	<b>\$ 1,151,464</b>	<b>\$ 5,178,722</b>

See accompanying notes to financial statements

**BAYONNE ECONOMIC OPPORTUNITY FOUNDATION****Statements of Cash Flows****Years Ended January 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities</b>		
Changes in net assets	\$ 730,207	\$ 318,123
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	30,638	32,419
Unrealized (gain) loss on investments	6,907	(11,749)
(Increase) decrease in assets:		
Grants receivable	(18,989)	(35,578)
Prepaid expenses	2,731	6,801
Increase (decrease) in liabilities:		
Accounts payable	181,946	(25,236)
Accrued expenses	11,352	16,225
Deferred revenue	(1,110,879)	1,084,333
457B plan deferred compensation liability	(6,907)	26,749
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>(172,994)</u>	<u>1,412,087</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of fixed assets	(1,335,904)	(250,880)
Purchase of investments	-	(15,000)
<b>Net Cash Used in Investing Activities</b>	<u>(1,335,904)</u>	<u>(265,880)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from line of credit	533,100	317,000
Payments on line of credit	(387,000)	(248,000)
<b>Net Cash Provided by Financing Activities</b>	<u>146,100</u>	<u>69,000</u>
<b>Net Increase (Decrease) in Cash</b>	(1,362,798)	1,215,207
<b>Cash - Beginning of Year</b>	<u>1,373,933</u>	<u>158,726</u>
<b>Cash - End of Year</b>	<u>\$ 11,135</u>	<u>\$ 1,373,933</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year for:		
Interest	<u>\$ 7,174</u>	<u>\$ 4,994</u>

See accompanying notes to financial statements

## **BAYONNE ECONOMIC OPPORTUNITY FOUNDATION**

### **Notes to Financial Statements January 31, 2023 and 2022**

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#### **Note 1 – Nature of Activities**

Bayonne Economic Opportunity Foundation (“B.E.O.F.”), incorporated as a not-for-profit in 1965, under the laws of the State of New Jersey. B.E.O.F. was established to assist low-income individuals in the Bayonne, New Jersey area. B.E.O.F. provides many services for individuals in need, including a Head Start Program for preschool children, local transportation, meals for senior citizens, meals on wheels, counseling services, weatherization assistance, as well as other programs to serve the poor.

#### **Note 2 – Summary of Significant Accounting Policies**

##### **Adoption of New Accounting Standard**

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, Leases) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

B.E.O.F adopted the standard effective February 1, 2022 and recognized and measured leases existing at, or entered into after, February 1, 2021 (the beginning of the earliest comparative period presented) using a modified retrospective approach, with certain practical expedients available. The standard did not impact B.E.O.F. as the B.E.O.F.’s lease did not meet the requirements for implementation.

On August 18, 2016, FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities for Contributed Nonfinancial Assets*. The update addresses certain stakeholder’s concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profits, as well as the amount of those contributions used in a not-for-profits programs and other activities. B.E.O.F applied the ASU retrospectively to all periods presented.

##### **Basis of Accounting**

The financial statements of B.E.O.F. have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, these financial statements reflect all significant receivables, payables and other liabilities.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires or is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

## **BAYONNE ECONOMIC OPPORTUNITY FOUNDATION**

### **Notes to Financial Statements (Continued)** **January 31, 2023 and 2022**

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#### **Note 2 – Summary of Significant Accounting Policies (Continued)**

##### **Reclassifications**

Certain 2022 items have been reclassified to conform to 2023 presentation. Such reclassifications had no effect on the activities.

##### **Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

##### **Cash**

Cash consists of checking accounts held in financial institutions that are readily available for use.

##### **Income Taxes**

B.E.O.F. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for federal or state income taxes is reflected in the accompanying financial statements.

##### **Public Support and Revenue**

Grants and other contributions of cash and other assets are reported as net assets with or without donor restrictions depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions with no restrictions are recorded as net assets without donor restrictions when received. Contributions of securities or real property are recorded at fair market value at the date of contribution.

##### **Federal, State and Other Financial Assistance**

B.E.O.F. records grant revenues over the period of the award and the provisions of the grant determine the timing of revenue recognition. B.E.O.F. accounts for grant revenue as exchange transactions. Accordingly, revenue is not recognized until conditions on which they depend have been met and expenses are recognized as incurred.

##### **Donated Services and In-Kind Contributions**

B.E.O.F. receives donated space, professional and education services, as well as miscellaneous items which are recorded at estimated fair value. In addition, B.E.O.F. has many individuals who volunteer their time and perform a variety of tasks that assist B.E.O.F. in their community service programs but do not meet the criteria for recognition as contributed services. For the years ended January 31, 2023 and 2022, B.E.O.F. received 5,590 and 22,841 volunteer hours, with a fair market value of \$88,292 and \$357,941, respectively. These amounts have been excluded from the statement of activities as these amounts do not meet the criteria for recognition as contributed services.

##### **Revenue from Contracts with Customers**

B.E.O.F. has an agreement with the City of Bayonne to provide administrative services in connection with administering the City's CDBG program. These contracts are agreed to on a yearly basis and define a yearly fee at the onset of the contract. B.E.O.F. recognizes these revenues over time as the service contract is fulfilled.

## **BAYONNE ECONOMIC OPPORTUNITY FOUNDATION**

### **Notes to Financial Statements (Continued)** **January 31, 2023 and 2022**

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#### **Note 2 – Summary of Significant Accounting Policies (Continued)**

##### **Deferred Revenue**

Deferred revenue is recognized when cash advances exceed revenues earned against such advances. A portion of B.E.O.F.'s revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when B.E.O.F. has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. At January 31, 2022, B.E.O.F. received a portion of the Preschool Education Aid program that had not been recognized as revenue because qualifying expenditures were not yet incurred. In addition, at January 31, 2022, B.E.O.F. received a portion of the Head Start funding for its building renovations that had not been recognized as revenues because qualifying expenditures were not yet incurred. This resulted in total advance payments of \$1,110,879 recognized in the statement of financial position as deferred revenue at January 31, 2022.

##### **Functional Expenses**

The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expense by function. Accordingly, certain costs are allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, travel, depreciation, insurance, materials, supplies and other, which are allocated on the basis of estimates of time and effort.

##### **Fair Value of Financial Instruments**

Financial instruments include cash, investments, grants receivable, accounts payable and accrued expenses. The amounts reported for financial instruments are considered to be reasonable approximations of their fair values. The fair value estimates presented herein were based on market information available to management. The use of different market assumptions and/or estimation methodologies could have a material effect on the estimated fair value amounts.

##### **Property and Equipment**

Property and equipment, including those under the Head Start program, are capitalized at cost if purchased, fair value if donated, individually or in the aggregate of \$5,000. B.E.O.F. reports gifts of land, buildings and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used or disposed.

Expenditures for maintenance, repairs, and renewals of minor items are charged to earnings as incurred. Major renewals and improvements are capitalized. Depreciation is provided on a straight-line basis over the estimated useful lives of assets as follows:

Buildings and Improvements	40 years
Equipment	5 – 10 years
Furniture and Fixtures	7 – 10 years
Vehicles	5 – 7 years

Depreciation expense for the years ended January 31, 2023 and 2022 was \$30,638 and \$32,419, respectively.

## BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

### Notes to Financial Statements (Continued) January 31, 2023 and 2022

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#### Note 3 – Investments

The following summarizes the relationship between the market value and cost of investments in the 457(b) plan at January 31, 2023 and 2022:

	<b>2023</b>		<b>2022</b>	
	<b>Cost</b>	<b>Market</b>	<b>Cost</b>	<b>Market</b>
Separate investment accounts	\$ <u>60,000</u>	\$ <u>75,261</u>	\$ <u>60,000</u>	\$ <u>82,168</u>

#### Note 4 – Grants Receivable

Grants receivable by program at January 31, 2023 and 2022 consisted of the following:

	<b>2023</b>	<b>2022</b>
Financial empowerment	\$ 9,785	\$ -
Weatherization / energy assistance:		
Weatherization Assistance - LIHEAP	69,259	16,433
Universal service fund	6,116	5,783
Community service:		
Homeless food and shelter	10,138	14,824
Fair housing	7,375	6,283
Nutrition program	47,391	47,391
COVID-19 consulting service	-	6,276
General consulting services	18,333	-
Transportation	4,599	4,026
Security	1,340	863
Management and general:		
Community services block grant	<u>23,895</u>	<u>77,363</u>
Totals	\$ <u>198,231</u>	\$ <u>179,242</u>

## BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

### Notes to Financial Statements (Continued) January 31, 2023 and 2022

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#### Note 5 – Property and Equipment

Property and equipment at January 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Land	\$ 15,119	\$ 15,119
Building and improvements	574,934	574,934
Machinery and equipment	873,476	836,801
Office equipment and computers	86,935	86,935
Vehicles	354,078	354,078
Construction in progress	1,734,309	435,080
	<u>3,638,851</u>	<u>2,302,947</u>
Less accumulated depreciation	<u>1,601,617</u>	<u>1,570,979</u>
Net property and equipment	<u>\$ 2,037,234</u>	<u>\$ 731,968</u>

#### Note 6 – In-Kind Contributions

B.E.O.F. received donated space, professional and education services, and other miscellaneous items utilized in the Head Start and community service programs. The donated space is valued utilizing independent appraisals. The professional and education services are valued at prevailing rates for similar salaried positions in the geographic area. Gifts, clothes and other items are valued at replacement costs for similar items. The in-kind contributions are recorded at the estimated fair value. Total in-kind contributions for the years ended January 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Rent	\$ 561,843	\$ 558,599
Education and professional services	46,660	47,595
Gifts, clothes and other items	522,906	500,224
Totals	<u>\$ 1,131,409</u>	<u>\$ 1,106,418</u>

#### Note 7 – Line of Credit

B.E.O.F. has an unsecured line of credit in the amount of \$300,000 expiring November 1, 2024. The line of credit has an interest rate of 3.50%. The outstanding balance on the line of credit was \$299,025 and \$152,925 for the years ended January 31, 2023 and 2022.

#### Note 8 – Concentrations of Credit Risk

Financial instruments that potentially subject B.E.O.F. to concentrations of credit risk consist principally of temporary cash investments in banks in excess of the U. S. Federal Deposit Insurance Corporation (FDIC) insured \$250,000 limit and all investments in money market and government reserve funds. Periodically, the balance of cash maintained at the financial institution may be in excess of the FDIC insurance limit. B.E.O.F. had uninsured bank balances of \$0 and \$1,165,787 at January 31, 2023 and 2022, respectively.

## **BAYONNE ECONOMIC OPPORTUNITY FOUNDATION**

### **Notes to Financial Statements (Continued)**

**January 31, 2023 and 2022**

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#### **Note 9 – Retirement Plans**

B.E.O.F. maintains a 401(k) profit sharing plan for its employees under the provisions of the Internal Revenue Code Section 401(k). The employees may elect to defer amounts according to the maximum allowed under Federal guidelines. The plan allows B.E.O.F. to make discretionary contributions which are determined annually by the Board of Trustees. The discretionary contributions charged to operations under the plan for the years ended January 31, 2023 and 2022 were \$0 and \$15,000, respectively.

#### **Note 10 – Deferred Compensation**

B.E.O.F. has one nonqualified deferred compensation plan for a certain key employee. Amounts accrued under the plan are \$0 and \$15,000 as of January 31, 2023 and 2022, respectively, and are included in the accompanying statements of financial position as a component of accounts payable.

#### **Note 11 – Fair Value Measurements**

For financial assets and liabilities measured at fair value on a recurring basis, fair value is the price B.E.O.F. would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date.

Observable inputs reflect market data obtained from independent sources, while observable inputs reflect our market assumptions. Preference is given to observable inputs. These three types of inputs create the following fair value hierarchy:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement dates.

Level 2 – unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.

Level 3 – unobservable inputs which reflect the reporting entity's own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Separate investment accounts – The fair value of the separate investment accounts is the net asset value (NAV) of shares held by B.E.O.F. at the measurement date.

## BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

### Notes to Financial Statements (Continued) January 31, 2023 and 2022

#### Note 11 – Fair Value Measurements (Continued)

The following tables present the assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy.

	<u>2023</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(level 3)</u>
Separate investment accounts	\$ <u>75,261</u>	\$ <u>-</u>	\$ <u>75,261</u>	\$ <u>-</u>

  

	<u>2022</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(level 3)</u>
Separate investment accounts	\$ <u>82,168</u>	\$ <u>-</u>	\$ <u>82,168</u>	\$ <u>-</u>

#### Note 12 – Related Party Transactions

A 99-year lease with the City of Bayonne was executed on May 10, 1999 for use of the building and land of the former City Hall Annex located at 21 West 8<sup>th</sup> Street, Bayonne, New Jersey. Lease payments in the amount of \$1 are payable on June 1 of each year. These premises are occupied by the Head Start Program of B.E.O.F. This lease can be terminated upon six months written notice to the landlord, or in the event B.E.O.F. no longer legally exists. This transaction was not consummated on terms equivalent to those that prevail in arm's-length transactions. The estimated fair market value of the use of the facilities is approximately \$303,000 and is included in the financial statements as an in-kind contribution. Due to the immaterial nature of the lease, B.E.O.F has elected not to value the lease under ASC 842.

The City provided additional services for transportation for Head Start programs, which are included in the financial statements as an in-kind contribution.

The City has a shared service agreement with B.E.O.F. for vehicles, the estimated fair market value of the shared service agreement is \$15,000 at January 31, 2023 and 2022.

B.E.O.F. has an agreement with the City of Bayonne to provide administrative services in connection with administering the City's CDBG program. Revenues in the amount of \$220,000 were recorded each year for the years ended January 31, 2023 and 2022, respectively. Receivables in accordance with the agreement amounted to \$18,333 and \$0 for the years ended January 31, 2023 and 2022, respectively. During the year ended January 31, 2022, there were additional agreements as a result of the COVID-19 pandemic. Revenues in the amount of \$0 and \$93,642 were recorded for the years ended January 31, 2023 and 2022, respectively. Receivables for the agreements were \$18,333 and \$6,276 at January 31, 2023 and 2022, respectively.

On March 15, 2017, the City of Bayonne purchased property at 15-17 Howard Place and 237-249 Avenue for use by B.E.O.F. The cost of the purchase of the property will be offset by the purchase, sale and redevelopment of three properties currently in use by B.E.O.F. Plans for renovation and grants to cover the cost of the renovation are in the process.

## BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

### Notes to Financial Statements (Continued) January 31, 2023 and 2022

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#### Note 13 – Tax Filing Compliance

B.E.O.F. was in compliance with applicable federal and state regulations as of January 31, 2023 and 2022 relative to the remitting of employee withholding taxes and filing of payroll tax returns and all other annual regulatory information filings.

#### Note 14 – Commitments and Contingencies

B.E.O.F. receives a substantial amount of its support from federal and state grants. A significant reduction in the level of this support may have an effect on B.E.O.F.'s programs.

Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audits. Such audits could result in claims against B.E.O.F. for disallowed costs due to noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

B.E.O.F. is involved in various litigation in the normal course of business. B.E.O.F.'s legal advisors are defending B.E.O.F.'s positions. In the opinion of management, any losses that may occur would not be material to the financial statements.

#### Note 15 – Liquidity and Availability

The following table reflects B.E.O.F.'s financial assets at January 31, 2023 and 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions. All the net assets with donor restrictions are expected to be used for general expenditure within one year.

	<u>2023</u>	<u>2022</u>
Cash	\$ 11,135	\$ 1,373,933
Investments	75,261	82,168
Grants receivable	<u>198,231</u>	<u>179,242</u>
	284,627	1,635,343
Net assets with donor restrictions	<u>(257,743)</u>	<u>(390,369)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>26,884</u>	\$ <u>1,244,974</u>

## BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

### Notes to Financial Statements (Continued) January 31, 2023 and 2022

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#### Note 16 – Net Assets

Components of net assets at January 31 are as follows:

	<u>2023</u>	<u>2022</u>
Without donor restrictions – Available for general operation of B.E.O.F.	\$ <u>1,388,771</u>	\$ <u>525,938</u>
With donor restrictions:		
Renovations to Holy Family Facility	\$ <u>257,743</u>	\$ <u>390,369</u>

#### Note 17 – Subsequent Events

Management has evaluated all activity of B.E.O.F. through August 8, 2023, the date these financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements or notes.

# BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

## Schedule of Expenditures of Federal Awards Year Ended January 31, 2023

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through ID Number</u>	<u>Grant Period</u>	<u>Expenditures</u>
<b>US Department of Agriculture</b>				
Child and Adult Care Food Program	10.558	17-106	10/1/21 - 9/30/22	\$ 57,520
Child and Adult Care Food Program	10.558	17-106	10/1/22 - 9/30/23	36,823
<b>Total US Department of Agriculture</b>				<u>94,343</u>
<b>US Department of Health and Human Services</b>				
Head Start Cluster				
Head Start Program	93.600	02CH010323-05-03	9/1/20-6/30/21	1,071,847
Head Start Program	93.600	02CH011900-02-00	2/1/22-1/31/23	1,709,660
Head Start Program	93.600	02HE000078-01-C5	5/1/21-3/31/23	27,929
Head Start Program (COVID-19)	93.600	02HE000078-01-C6	5/1/21-3/31/23	<u>120,250</u>
Passed-through State of NJ Department of Community Affairs				
Low-Income Home Energy Assistance (LIHEAP)	93.568	2022-05145-0221-00	3/1/22 - 9/30/22	41,207
Low-Income Home Energy Assistance (LIHEAP)	93.568	2022-05131-0149-00	10/1/21 - 9/30/22	110,714
Low-Income Home Energy Assistance (LIHEAP)	93.568	2023-05131-0167-00	10/1/22 - 9/30/23	<u>69,259</u>
				<u>221,180</u>
477 Cluster				
CSBG - Non-Discretionary	93.569	2020-05205-0313-03	10/1/19 - 9/30/20	148,049
CSBG - Non-Discretionary	93.569	2022-05235-0186-03	10/1/21 - 9/30/22	99,664
CSBG - Non-Discretionary	93.569	2023-05235-0063-01	10/1/22 - 9/30/2023	<u>83,883</u>
Subtotal Passed-through State of NJ Department of Community Affairs				<u>552,776</u>
Aging Cluster				
Passed-through County of Hudson Department of Health and Human Services				
City of Bayonne, New Jersey				
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	CY22-066	12/31/20 - 9/30/21	143,342
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	CY22-066	1/1/22 - 12/31/22	427,239
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	CY23-040	1/1/23 - 12/31/23	<u>37,931</u>
Subtotal Passed-through County of Hudson Department of Health and Human Services				<u>608,512</u>
<b>Total US Department of Health and Human Services</b>				<u>4,090,974</u>

See notes to schedules of expenditures of federal awards and state financial assistance

# BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

## Schedule of Expenditures of Federal Awards (Continued) Year Ended January 31, 2023

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Assistance Listing Number</b>	<b>Pass-through ID Number</b>	<b>Grant Period</b>	<b>Expenditures</b>
<b>US Department of Homeland Security</b>				
Passed-through United Way of Hudson County, New Jersey				
Emergency Food and Shelter National Program	97.024	Phase 39	2/1/22 - 4/23/23	\$ 6,971
Emergency Food and Shelter National Program	97.024	ARPR-R	2/1/22 - 4/23/23	11,000
<b>Total US Department of Homeland Security</b>				<u>17,971</u>
<b>US Department of Housing and Urban Development</b>				
Passed-through State of NJ Department of Community Affairs				
Homelessness Prevention & Rapid Re-Housing 2 (HPRP)	14.231	2019-02156-0359-09	12/1/18 - 6/30/22	52,943
				<u>52,943</u>
Passed-through City of Bayonne, New Jersey				
Community Development Block Grant (CDBG)				
Senior Citizen Transportation Program				
Community Development Block Grant (CDBG)	14.220	CY20-081	9/1/20 - 8/31/21	8,700
Community Development Block Grant (CDBG)	14.220	CY20-083	9/1/20 - 8/31/21	13,528
				<u>22,228</u>
Salaries and Fringe Benefits of Bus Drivers	14.219	CY21-080	9/1/21 - 8/31/22	12,993
Salaries and Fringe Benefits of Bus Drivers	14.219	CY22-074	9/1/22 - 8/31/23	17,270
Security Guards	14.219	CY21-076	9/1/21 - 8/31/22	8,142
Security Guards	14.219	CY22-079	9/1/22 - 8/31/23	6,395
Senior Transportation Insurance	14.219	CY21-079	9/1/21 - 8/31/22	2,615
Senior Transportation Insurance	14.219	CY22-077	9/1/22 - 8/31/23	1,947
				<u>49,362</u>
CDBG - Entitlement Grants Cluster				
Fair Housing Counseling Services	14.218	CY21-081	9/1/21 - 8/31/22	36,695
Fair Housing Counseling Services	14.218	CY22-082	9/1/22 - 8/31/23	32,085
				<u>68,780</u>
<b>Total US Department of Housing and Urban Development</b>				<u>193,313</u>
<b>Total Federal Awards</b>				<u>\$ 4,396,601</u>

See notes to schedules of expenditures of federal awards and state financial assistance

# BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

## Schedule of Expenditures of State Financial Assistance Year Ended January 31, 2023

<b>State Grantor/Pass-through Grantor/Program Title</b>	<b>Grant or State Project Number</b>	<b>Grant Period</b>	<b>Expenditures</b>	<b>Cumulative Expenditures</b>
<b>State of New Jersey Department of Community Affairs</b>				
Universal Service Fund (USF)	2022-05133-0007-00	7/1/21 - 6/30/22	\$ 25,914	\$ 52,446
Universal Service Fund (USF)	2023-05133-0000-00	7/1/22 - 6/30/23	36,183	36,183
Financial Empowerment Pilot	2022-05275-0826-00	7/1/22 - 6/30/23	9,785	9,785
Weatherization	2022-05124-0515-00	10/1/22 - 9/30/23	25,740	25,740
Weatherization	2022-05130-0518-00	10/1/22 - 9/30/23	43,233	43,233
			<u>140,855</u>	<u>167,387</u>
<b>Total State of New Jersey Department of Community Affairs</b>			<u>140,855</u>	<u>167,387</u>
<b>State of New Jersey Department of Education</b>				
Passed-through Bayonne Board of Education				
Preschool Education Aid (PEA)	Resolution B14	8/1/21 - 7/31/22	197,393	394,786
Preschool Education Aid (PEA)	Resolution B14	8/1/22 - 7/31/23	201,172	201,172
			<u>398,565</u>	<u>595,958</u>
<b>State of New Jersey Department of Children and Families</b>				
Head Start Program	NJCCIS	2/1/22 - 1/31/23	<u>51,310</u>	<u>51,310</u>
<b>Total State Financial Assistance</b>			\$ <u>590,730</u>	\$ <u>814,655</u>

See notes to schedules of expenditures of federal awards and state financial assistance

## **BAYONNE ECONOMIC OPPORTUNITY FOUNDATION**

### **Notes to Schedules of Federal Awards and State Financial Assistance Year Ended January 31, 2023**

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#### **Note 1 – General**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal and state awards programs of Bayonne Economic Opportunity Foundation. All federal financial awards received directly from federal agencies including awards passed through other government agencies, are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies including awards passed through other government agencies, are included on the schedule of expenditures of state financial assistance.

#### **Note 2 – Basis of Accounting**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08-OMB *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. The schedules present only a selected portion of the operations of the Bayonne Economic Opportunity Foundation and therefore, they are not intended to, and does not, present the financial position, changes in net assets or cash flows of Bayonne Economic Opportunity Foundation. Bayonne Economic Opportunity Foundation has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

#### **Note 3 – Relationship to the Financial Statements**

Amounts reported in the accompanying schedules agree with amounts reported in Bayonne Economic Opportunity Foundation's financial statements.

#### **Note 4 – Relationship to Federal and State Financial Reports**

Amounts reported in the accompanying schedules agree with amounts reported in the related federal and state financial reports.

#### **Note 5 – Subrecipients**

There were no reported subrecipients for any grant during the fiscal year 2023.



August 8, 2023

Board of Trustees  
Bayonne Economic Opportunity Foundation  
Bayonne, New Jersey

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing  
Standards*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bayonne Economic Opportunity Foundation (a nonprofit organization), which comprise the statement of financial position as of January 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon August 8, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Bayonne Economic Opportunity Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bayonne Economic Opportunity Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bayonne Economic Opportunity Foundation's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bayonne Economic Opportunity Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hill, Barth & King LLC*

Certified Public Accountants



August 8, 2023

Board of Trustees  
Bayonne Economic Opportunity Foundation  
Bayonne, New Jersey

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control  
over Compliance Required by the Uniform Guidance

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited Bayonne Economic Opportunity Foundation's compliance with the types of compliance requirements identified as subject to audit in the Federal *OMB Compliance Supplement* that could have a direct and material effect on each of Bayonne Economic Opportunity Foundation's major federal programs for the year ended January 31, 2023. Bayonne Economic Opportunity Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Bayonne Economic Opportunity Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended January 31, 2023.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Bayonne Economic Opportunity Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Bayonne Economic Opportunity Foundation's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Bayonne Economic Opportunity Foundation's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Bayonne Economic Opportunity Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Bayonne Economic Opportunity Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain profession skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Bayonne Economic Opportunity Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Bayonne Economic Opportunity Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Bayonne Economic Opportunity Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Hill, Barth & King LLC*

Certified Public Accountants

# BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

## Schedule of Findings and Questioned Costs Year Ended January 31, 2023

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### Section I – Summary of Auditor’s Results

#### Financial Statements

Type of auditor’s report issued

Unmodified

Internal control over financial reporting:

- Material weakness (es) identified?        Yes   X   No
- Significant deficiencies identified?        Yes   X   None reported

Noncompliance material to financial statements noted?

       Yes   X   No

#### Federal Awards

- Dollar threshold used to determine Type A programs
- Auditee qualified as low-risk auditee?
- Type of auditor’s report on compliance for major Programs

\$750,000

  X   Yes        No

Unmodified

Internal control over compliance:

- Material weakness (es) identified?        Yes   X   No
- Significant deficiencies identified?        Yes   X   None reported

Any audit findings that are required to be reported in accordance with CFR Section 200.516(a) of the Uniform Guidance?

       Yes   X   No

Identification of major programs:

CFDA Number (s)

93.600

Name of Federal Program

U.S. Department of Health and Human Services:  
Head Start

# **BAYONNE ECONOMIC OPPORTUNITY FOUNDATION**

## **Schedule of Findings and Questioned Costs (Continued)** **Year Ended January 31, 2023**

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### **Section II – Schedule of Financial Statement Findings**

This section identified the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements that are required to be reported in accordance with 2 CFR section 200.515(d)(2) of Uniform Guidance and Chapter 4 of *Government Auditing Standards*.

**NONE**

### **Section III – Federal Awards Findings and Questioned Costs**

This section identifies audit findings required to be reported by 2 CFR 200 Section 516(a) of Uniform Guidance.

**NONE**

## **BAYONNE ECONOMIC OPPORTUNITY FOUNDATION**

### **Summary Schedule of Prior Audit Findings Year Ended January 31, 2023**

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This section identifies the status of prior year audit findings related to the financial statements and federal awards that are required to be reported in accordance with Uniform Guidance (2 CFR section 200.511(a)) and Chapter 4 of *Government Auditing Standards*.

**NONE**